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MEMBERS

R.A.C. HENRY

CHAIRMAN

A. FERRIER

J.P.R. VACHON



AIR TRANSPORT BOARD

OTTAWA

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TO THE HONOURABLE THE MINISTER OF RECONSTRUCTION & SUPPLY

The Air Transport Board has the honour to submit its report for the period September 11, 1944 to December 31, 1946.

Introduction

The Aeronautics Act of 1919 first brought civil aviation and air transport under the control of the Dominion Government. At that time every phase of civil aviation was grouped with military aviation and placed under the Minister of National Defence. In 1936, with the establishment of the Department of Transport, control, regulation, management and supervision of civil aviation were transferred to the Minister of Transport.

In 1938, with the establishment of the Board of Transport Commissioners for Canada, that body was charged with the licencing and regulations of air carriers engaged in commercial air transportation.

In 1944 the Aeronautics Act was amended to make provisions for the establishment of a Board (the Air Transport Board) which would confine all its activities to air traffic and which, in addition to exercising the functions of licencing and regulation, would be charged with the responsibility of advising the Minister on ways and means of bringing about an expeditious and soundly planned development of transportation by air. The Air Transport Board was duly established pursuant to this amendment and its functions defined.

Functions

The functions of the Board are:-

1. To licence, regulate and control commercial air services in and over Canada.
2. Subject to the directions of the Minister, to make investigations and surveys relating to the operation and development of commercial air services in Canada and relating to such other matters in connection with civil aviation as the Minister may direct.

3. To make recommendations to the Minister with reference to any investigation or survey made by the Board and advise the Minister in the exercise of his duties and powers under the Aeronautics Act in all matters relating to civil aviation.

All other aspects of civil aviation, including the licencing of pilots, airports, provision and maintenance of navigation aids and facilities and responsibility for matters relating to safety remain under the control of the Air Services Branch of the Department of Transport.

Members of the Board

The Members of the Air Transport Board, appointed on 11th September 1944 by the Governor in Council under the authority of the Aeronautics Act, as amended, are:

Chairman	-	Mr. R.A.C. Henry	-	10 year term
Members	-	A/V/M Alan Ferrier	-	7 year term
		Mr. J.P.R. Vachon	-	4 year term

Organization

For the purpose of performing its functions and duties, the Board was organized into branches as follows:-

Secretary's and Legal Adviser's Branch, the functions of which, in addition to performance of all the normal secretarial duties, include -

- (a) Licencing Division, which receives, processes and prepares for submission to the Board applications for licences to operate commercial air services; preparation of dockets for public hearings, issuing of decisions and licences, renewal of licences; liaison with the Civil Aviation Division of the Department of Transport.
- (b) Administrative Division, which deals with organization, personnel, preparation of estimates, control of expenditures and administration generally.
- (c) Examiners Division, which is responsible for the conduct of public or other hearings on all matters assigned to the Examiner by the Board; to make reports and recommendations to the Board.

- (d) Legal Division, which is responsible for advising the Board on all legal aspects of its work; the drafting of legislation, regulations and orders; the legal adviser acts as counsel to the Board at all public hearings. He is also adviser to the Board and the Department of External Affairs on both Public and Private International Air Law and as such represents Canada at international conventions on air law and on the Legal Commission of the P.I.C.A.O.

Economics Branch, the functions of which may be divided into two parts:-

- (a) The Economics Division whose duty it is to undertake all economic and statistical surveys in connection with present and future air transport routes; to analyse and report on public convenience and necessity of proposed commercial air services; to maintain appropriate statistical records relative to the field of air transport and analyse such returns.
- (b) The Audit Division whose duty it is to supervise the administration of the directives of the Board pertaining to investigations upon the financial structure of companies engaged or desirous of engaging in air transport; to establish and supervise the uniform system of accounts prescribed by the Board and to supervise and audit any subsidies authorized pursuant to Section 16 of the Aeronautics Act.

↳ The activities of the Air Development Branch of the Department of Reconstruction and Supply were also under the immediate supervision of the Economics Branch of the Air Transport Board. All special economic surveys closely related with air transport development in Canada were undertaken by the Air Development Branch in the last two years. Beginning at the 1st of January 1947, the functions of the Economics Branch of the Air Transport Board and of the Air Development Branch of the Department of Reconstruction and Supply will be assumed by a new Bureau of Transportation Economics which has been established by collaboration between the Air Transport Board and the Board of Transport Commissioners and which will be administered by the latter body.

Traffic Branch - the duties of the Branch comprise, in general:

- (1) Administration of Directives of the Board re -
 - (a) Construction and filing of tariffs.
 - (b) Construction and filing of service schedules.
 - (c) Free and reduced-rate transportation.
- (2) Maintaining records of tariffs and service schedules.
- (3) Dealing with all matters relating to tolls, tariffs and service schedules, including applications and complaints regarding tolls, tariffs and services.
- (4) Reporting to the Board matters of major interest relating to tolls, tariffs and services.
- (5) Dealing with the Wartime Prices and Trade Board in respect to its jurisdiction over transportation charges.
- (6) Maintaining records of free transportation issued by carriers and dealing with all matters affecting such privileges.

Research Aeronautical Engineering Branch, the functions of which include the providing of technical advice to the Board on all matters pertaining to aeronautical research and development in Canada and elsewhere; including advice on the performance and cost of operation of aircraft and the future development of aircraft design and performance, with particular reference to the economic effects of such developments upon the overall economics of Air Transportation and the facilities required therefor.

Early Work of the Board

Wartime conditions and particularly the difficulties of securing competent personnel hindered, to some extent, the initial development of the work of the Board. The first few months were spent largely in planning and laying a sound foundation for later developments. This included the preparation of regulations, directives for the guidance of applicants for licences and for licenced carriers, and procedures governing the several phases of the Board's work. In addition, surveys were undertaken to provide the Board with a foundation for its future work.

Also because of war conditions, and primarily the difficulties of obtaining suitable aircraft and equipment, comparatively few applications for licences were received by the Board during the first months of its existence. More recently there has been a very considerable number of applications, practically all from returned servicemen, who wish to establish commercial air services of various kinds throughout the Dominion. At the present time, the number of applications being made is still on the increase.

Policy

The Board has carried on its work pursuant to Part II of the Aeronautics Act and in accordance with declared Government policy. The policy governing the development of air transportation in Canada is largely dictated by the geography of the country and the disposition of its population. The great bulk of organized and settled territory, and of population, lies in a narrow band about 3000 miles long, within a very short distance, in terms of air travel, of the international border. The average density of population per mile of route is low, and there are three stretches along this band in which the population density is so low that they contribute a negligible amount to the revenue potential of a trans-continental carrier. These are the gap between Quebec and the Maritime Provinces, between Lake Huron and Winnipeg, and between the Alberta boundary and the Pacific Coast. Such a disposition of resources and population has dictated the development of a long and tenuous trunk route with the addition of branches where the necessity arises rather than the development of a network. To the north of the settled region lies a vast territory replete with natural resources, in which the means of surface transportation are slow and seasonal or, in many cases, are totally undeveloped. Air transportation has proven to be a vital necessity for the penetration, administration and exploitation of these vast regions but, with very few exceptions, there are no routes with sufficient traffic potential to justify the establishment of scheduled airlines and consequently, there has arisen a necessity for licencing a considerable number of non-scheduled air carriers operating from bases which rest on established surface or air transportation routes. When the development of a natural resource succeeds in attracting an appreciable aggregate of population, a non-scheduled service may develop into a scheduled route.

Scheduled Services

Trans-Canada Air Lines is the government designated agency for operating international scheduled air services from Canada to other countries and has secured from the Board licences to operate such services. In addition, licences are issued by the Board to foreign air carriers

authorizing scheduled air services into Canada, pursuant to agreements entered into by Canada with other countries.

Within Canada, Trans Canada Air Lines is the chosen agent for operating the transcontinental air service and such other services of a main line character as may be designated by the government in or pursuant to the Trans Canada contract.

Other scheduled services, which might be classed as secondary lines, are operated by private enterprise. The chief criterion for granting licences for such services is that the Board must be satisfied that they are required by the present and future public convenience and necessity. A considerable number of these services are presently in operation and applications for licences to operate others are receiving the consideration of the Board. In this regard, the Board has been conducting, pursuant to the provisions of Section 13 of the Aeronautics Act, a review of all licences to air carriers issued prior to the establishment of the Board. Further reference to this review is made hereunder.

In accordance with laid down policy, direct competition is not permitted on scheduled air routes. The reason is that, at the present stage in the development of air transportation in Canada, the volume of traffic is such that there is not room for competing services and it is considered uneconomical to try to divide the small available business between two or more carriers. While at some later date a policy of competition might be justified, at the present time it would be disastrous and is considered to be against the public interest.

Non-Scheduled Services

With few exceptions, these are charter services from designated bases and it is in this field that there has been the greatest development in recent months.

Great interest has been shown in this field by ex-servicemen and a very considerable number are becoming established in it. It is particularly suitable for Air Force personnel who wish to re-establish themselves, because it does not involve the very large capital outlay which the organization of even a very modest scheduled service requires.

Non-scheduled services are of the utmost importance to the economic development of Canada and indeed they provide the only effective means of access to many of the vast undeveloped or only partly developed areas of our country.

The primary consideration of the Board in granting non-scheduled licences is to ensure that the public interest will be served. Licences are granted to qualified applicants in all cases where the Board is satisfied that such services will be of benefit to the public. Competition is considered to be desirable and is permitted in cases where the volume of traffic available appears to warrant it. In addition to the limitation of the numbers of licences granted in any particular area, effective economic control of non-scheduled operators is exercised by requiring the carriers to file and be governed by tariffs of tolls, and by discouraging, even to the extent of refusal to permit them, practices which are economically unsound.

Competition between scheduled and non-scheduled services is controlled by a provision in non-scheduled air transport licences prohibiting the licensee from carrying traffic between any points served on a licenced route and any other point served on the same route.

In order to achieve the dual purpose of encouraging both scheduled and non-scheduled carriers to observe sound business practices and to enable the Board to accumulate factual economic data on which to base future policy, the Board adopted a strict policy of requiring a standardized and orderly system of accounting and periodical reporting of operating and financial statistics.

Review of Licences

Pursuant to Section 13 of Part II of the Aeronautics Act, the Board is required to "review all licences regarding commercial air services issued under Part III of the Transport Act, 1938, or under Part VII of the Air Regulations, 1938, prior to and in force at the time of the coming into force of this Part." In making this review, the Board took the following action:

As an initial step an economic survey of the Dominion of Canada from the transportation point of view was commenced in 1945 and continued during 1946.

The second step was a survey of all available statistical data bearing upon air transportation in Canada, coupled with the institution of a comprehensive system of statistical information to keep the Board currently in touch with developments in this field.

Thirdly, two members of the Board, accompanied by the Acting Chief of the Traffic Section, made a personal inspection of nearly all the routes which were licenced in Canada prior to the establishment of the Board. This inspection covered the services rendered, equip-

ment used, the ground facilities available, the requirements of localities served and the relation of the commercial services to other transportation facilities in the areas concerned.

The fourth step was a series of public hearings held by the full Board at Quebec City; Kenora, Ont.; Winnipeg, Man.; Saskatoon, Sask.; Edmonton, Alta. and Vancouver, B.C. At these hearings the licencees and all interested parties were afforded an opportunity to submit evidence and make representation in regard to the routes covered by the licences under review and the services rendered thereunder.

The Board's report on this review of licences will be issued at an early date.

Amendments to the Aeronautics Act

As a result of the experience gained in its first year of operation, the conclusion was reached that certain amendments to the Aeronautics Act were desirable to enable the Board more effectively to carry out its duties. More important among these were the following:

Under the 1944 amendment to the Act, "commercial air service" was defined as "any undertaking for the transport of goods or passengers by aircraft for hire or reward." As most non-scheduled carriers undertake services other than transport, this definition was changed, in the amendment to the Act passed in 1945, to "any use of aircraft in or over Canada for hire or reward." This considerably broadened the scope of the Board's authority and specifically brought under regulation certain classes of air carriers who, under the previous definition, were not subject to such regulation. This enables the Board to protect the legitimate operations of licenced non-scheduled air carriers and also serves the very important purpose of enabling the Board to ensure that all such carriers do not operate without first having adequate public liability and property damage insurance.

Another important amendment gave to the Board authority to establish classifications or groups of air carriers and, subject to the approval of the Governor in Council, to make regulations providing for the exclusion from the operation of the whole or any part of Part II of the Act or any regulation thereunder, any air carrier or class or group of air carrier.

A third amendment authorized the Board to exempt certain carriers from the operation of the section of the Act which requires that the Board shall not issue a licence unless it is satisfied the proposed service "is and will be required by the present and future public convenience and necessity", provided the Board is satisfied that such exemption

would be in the public interest. This power to exempt, which does not extend to scheduled services, enables the Board to relieve certain carriers from the very onerous burden of proving absolute necessity for the service where quite clearly, from the very nature of the proposed operation, it would be practically impossible to do so.

Other amendments extended the jurisdiction of the Board in regard to enquiries, for the purpose of enabling the Board to deal with applications of various kinds; in the matter of securing evidence both in Canada and abroad, and in the matter of mandatory orders.

Amendments to Regulations

Pursuant to the amendments to the Aeronautics Act referred to above, the Board has drafted new regulations, particularly to establish classifications of air carriers and to exclude from the operation of certain parts of the Act and of the regulations thereunder, certain classes of carriers. This is of particular benefit to the classes of carriers concerned, because it enables the Board to adapt the degree of regulation and control exercised by the Board to meet its actual minimum requirements in regard to each class of carrier. Quite clearly the degree of regulation and control and the Board's requirements in the matter of statistical returns etc. which are applicable to scheduled air carriers would constitute an onerous and unnecessary burden on small operators and it is to afford all possible relief in such cases that the new regulations have been designed. Directives which will be issued pursuant to the new regulations will simplify forms of applications for new licences and thereby make it easier for applicants and at the same time facilitate the work of the Board in dealing with applications.

Assessment of Commercial Air Transportation in Canada

A review of the last ten years comprises a period of almost static conditions prior to the war, a period of enforced re-adjustment during the war, and subsequently a short period of expanding development. In 1938 there were 56 operators providing commercial air services; as a group they carried 105,000 passengers, 19½ million pounds of goods and 1-1/3 million pounds of mail. The impact of the war brought about considerable changes in commercial air services. On the one hand, essential services were expanded, notably in mainline operations with the result that the 1945 level of passenger traffic increased 250% reaching 375,000 passengers, and mail traffic increased to 5 million pounds. On the other hand, services which were considered less essential to the war effort were curtailed due, in part, to decreased activity in mining and lumbering developments; the net result was a

reduction of goods carried of approximately 40%. This was also a period of consolidation, merger and abandonment, and at war's end, there were only thirteen carriers in operation. Since the close of the war the development of air services has gone forward at an accelerated rate. Not only has the number of licenced operators increased but for the year 1946 passenger traffic is estimated at 620,000, mail at 4,600,000 pounds, and goods traffic in excess of 24 million pounds, thus reversing the downward trend noticeable in previous years.

A review of the financial returns of scheduled carriers for the first ten months of 1946 indicates that as a whole such operations will result in a deficit for the year. The principal reasons are - (a) a decrease in passenger traffic below the wartime level and (b) an increase in cost of operation. On the other hand, the non-scheduled, or "charter", operations which were curtailed during the war period have undergone substantial development and, considered as a whole, are expected to show only a small loss on the year's operations. A portion of the impetus in non-scheduled or charter operations may be attributed to the increased activity in the mining areas and is reflected in a substantial increase in the charter goods traffic.

Summary of Other Activities

Advisory

Pursuant to Sections 9 and 10 of the Aeronautics Act, the Board has made a number of studies and investigations and has advised the Minister thereon. Among these were included such subjects as the priority of construction of airports for projected air services, the dimension of runways, a rational tariff of landing fees at government owned landing fields, the disposition of aerodromes built or leased for defence purposes during the war and the development of the revenue potentialities of airports.

In addition to the foregoing, the Board has been actively engaged on the subject of international civil aviation. Members of the Board or of its staff attended the International Civil Aviation Conference at Chicago in 1944, the organization meetings prior to the convening of the first Interim Council of the Provisional International Civil Aviation Organization (P.I.C.A.O.), the first meeting of the Assembly of P.I.C.A.O. in May 1945, international conferences on private air law at Paris and Cairo, negotiations with United States of America on international commercial air transport at New York 1945 and Washington 1946, and numerous inter-departmental meetings in Ottawa. One Member of the Board is appointed as a member of a small committee whose function is to advise the incumbent of Canada's seat on the Interim Council of P.I.C.A.O.

Public Hearings

It is the practice of the Board to hold public hearings, whether in regard to applications for licences and other matters, in all cases where it appears to be in the public interest to do so. More important matters are heard by the full Board and matters of lesser importance or cases of emergency are assigned either to a single Board member or to the Board's Examiner. So far as practicable, hearings are held in some central and convenient point in the area concerned, so that all interested parties may have the fullest possible opportunity to be heard. A statement of the hearings held to date is contained in Appendix A.

Attached as Appendices to this report are reports of the more important activities of the branches and divisions of the Board as follows:

- Appendix B - Secretary's and Legal Adviser's Branch
- " C - Licencing Division
- " D - Economics Branch
- " E - Traffic Branch
- " F - Research Aeronautical Engineering Branch

and, as Appendix G, a memorandum "Air Transport Board Procedure in Reviewing an Application for Licence to Operate a Commercial Air Service"

As Appendix H, a map showing scheduled routes and distribution of population (1941) in Canada.

As Appendix I, a map showing the location of all licenced non-scheduled charter commercial air services bases as at December 31, 1946

P.A.B. Henry
Chairman

A. Fenier
Member

March 31, 1947.

J.P.R. Vachon
Member

A I R T R A N S P O R T B O A R D

BOARD HEARINGS

APPENDIX A

Period September 11, 1944 to December 31, 1946

<u>YEAR</u>	<u>HEARINGS</u>	<u>LOCATION</u>	<u>HEARD</u>	<u>TYPE OF SERVICE</u>	
	<u>HELD</u>		<u>BY</u>	<u>SCHEDULED</u>	<u>NON-SCHEDULED</u>
1944	0	--	--	---	---
<hr/>					
1945	1	Saint John, N.B.	Board	1	
	1	Ottawa, Ont.	"		1
	2	Edmonton, Alta.	"		2
	<u>1</u>	Vancouver, B.C.	"	—	<u>1</u>
TOTAL	5			1	4
<hr/>					
1946	1	Rimouski, P.Q.	Board	1	
	1	Quebec, P.Q.	"	1	
	2	Montreal, P.Q.	"		1
		Montreal, P.Q.	Examiner	1	
	13	Ottawa, Ont.	Board	7	4
		Ottawa, Ont.	Examiner		2
	1	Toronto, Ont.	"		1
	1	Chatham, Ont.	"		1
	1	Sault Ste. Marie, Ont.	"		1
	1	Kenora, Ont.	"		1
	1	Kenora, Ont.	Board	1	
	2	Port Arthur, Ont.	"	1	1
	1	Winnipeg, Man.	"	1	
	1	Brandon, Man.	"	1	
	1	Saskatoon, Sask.	"	1	
	1	Calgary, Alberta	Examiner		1
	3	Edmonton, Alberta	Board	1	2
	1	Prince George, B.C.	"		1
	<u>2</u>	Vancouver, B.C.	"	<u>2</u>	—
34				18	16

A I R T R A N S P O R T B O A R D

APPENDIX B

REPORT OF SECRETARY'S AND LEGAL ADVISER'S BRANCH

Period September 11, 1944 to December 31, 1946.

This Branch contains the Licencing, Administrative, Legal and Examiner's divisions, the functions of which are set out in the Board's report.

In January, 1946, the Board's Legal Adviser attended, as the representative of Canada, the meeting of the Comité International Technique d'Experts Juridiques Aériens held in Paris. This Committee is the international body which deals with Private International Air Law and this was the first of its meetings at which Canada has been represented. A further similar meeting was attended in Cairo in November, 1946.

The more important matters dealt with at these meetings included the following:

A proposed revision of the Warsaw Convention, which applies to all international carriage of persons, luggage or goods by aircraft for reward.

A draft convention dealing with the registration of aircraft and the recordation of mortgages, etc. on aircraft engaged in international air transportation:

A draft convention dealing with the legal status of the commander and crew of aircraft, etc.

The Board's Legal Adviser also attended, as an alternate delegate, the General Assembly of the Provisional International Civil Aviation Organization in May and June, 1946, and sat as the Canadian legal representative on the Legal Commission of that body.

The report of the Licencing Division is attached as separate Appendix C.

A I R T R A N S P O R T B O A R D

REPORT OF LICENCING DIVISION

Period September 11, 1944 to December 31, 1946

APPENDIX C

The following tables depict the action taken by the Board on applications filed for licences to operate the various classes of Commercial Air Services within Canada or to foreign territories under the Provisions of the Aeronautics Act:

SCHEDULED BETWEEN SPECIFIC POINTS

	<u>APPLICATIONS</u>				FAVOURABLE DECISIONS	LICENCES ISSUED	CARRIERS LICENCED TO OPERATE
	FILED	WITHDRAWN	REJECTED	PENDING			
Canadian Inter- national carriers	7	-	-	-	7	7	1
Foreign Inter- national carriers	9	-	-	-	8	12	8
Domestic carriers	37	7	7	20	3	3	3

NON-SCHEDULED BETWEEN SPECIFIC POINTS

	<u>APPLICATIONS</u>				FAVOURABLE DECISIONS	LICENCES ISSUED	CARRIERS LICENCED TO OPERATE
	FILED	WITHDRAWN	REJECTED	PENDING			
Total for all Provinces	33	7	3	16	7	5	5

NON-SCHEDULED FIXED BASE SERVICES

PROVINCE	<u>APPLICATIONS</u>				FAVOURABLE DECISIONS	LICENCES ISSUED	CARRIERS LICENCED TO OPERATE
	FILED	WITHDRAWN	REJECTED	PENDING			
P.E.I.	2	-	-	-	2	2	2
Nova Scotia	10	-	-	7	3	3	2
New Brunswick	3	-	-	2	1	1	1
Quebec	49	1	3	21	24	21	15
Ontario	98	9	4	37	48	32	21
Manitoba	20	1	-	7	12	11	8
Saskatchewan	24	1	1	15	7	5	4
Alberta	38	13	2	6	17	12	10
B.C.	39	6	-	17	16	11	10
N.W.T.-Yukon	11	-	1	3	7	7	6
TOTAL	294	31	11	115	137	105(a)	79

(a) Some carriers obtain separate licences for different services

LICENCES ISSUED BY AIR TRANSPORT BOARD

	<u>1944</u>	<u>1945</u>	<u>1946</u>
Non-scheduled Fixed Base	0	10	95
Non-scheduled Fixed Point	0	0	5
Scheduled Fixed Point	<u>0</u>	<u>1</u>	<u>21</u>
	<u>0</u>	<u>11</u>	<u>121</u>

In addition there are in effect, pursuant to Section 13 of The Aeronautics Act, 54 licences issued prior to the establishment of the Air Transport Board.

AIR TRANSPORT BOARD

APPENDIX D

REPORT OF ECONOMICS BRANCH

One of the functions of the Economics Branch is to advise the Board on economic matters pertaining to commercial aviation in Canada. All applications during the year for licences to operate commercial air services were reviewed. Special consideration was given to the scope of the proposed service, the financial position and responsibility of the applicant and the economic factors relating to the question of the present and future public convenience and necessity of the service proposed.

When specifically requested by the Board special studies relating to the economic aspects of the proposed services were made.

This Branch is also charged with the responsibility of examining air carriers' accounts to ensure uniform compliance with the Board's regulations in accounting matters and to collect and currently maintain statistical data for the Board's information and guidance.

As the Board's regulations provide for a classification of accounts which was not in effect before the regulations were issued, it became necessary for the Economics Branch to undertake a programme of education amongst the carriers unfamiliar with the form of accounting procedure prescribed. This has involved our Audit Division establishing personal contact with a great many of the carriers to assist such carriers in establishing their records and accounting procedure in conformity with the Board's requirements.

In co-operation with the Air Development Branch of the Department of Reconstruction and Supply supplementary surveys have been carried out embracing many fields of transportation and with special emphasis on the future development of aviation in Canada. The Economics Branch has also recently inaugurated a special survey of airline traffic in Canada, the results of which are now in the process of tabulation.

Operating Statistics

Statistical records for 12 months ending November 30th, 1946, show that the total distance flown by commercial aircraft of Canadian registry for that period was 26,593,092 miles, of which 91.39% or 24,303,026 were revenue miles. The total hours flown were reported at 189,425 with an average speed of 140 m.p.h. Passengers carried amounted to 614,045; goods carried 11,671 tons; and mail 4,720,026 pounds. By converting passenger-miles to ton-miles it can be stated that the total load produced was 23,763,547 ton-miles, or an average aircraft load of 1,787 pounds.

The total operating revenue for all commercial carriers amounted to \$21,449,060, while operating expenses amounted to \$21,469,482, indicating an operating loss, before payment of fixed charges, of \$20,422 for the year.

This deficit, however, is attributable to the operations of scheduled air carriers whose revenues totalled \$20,193,675, made up of passenger revenues amounting to \$11,209,222; goods revenues \$1,155,440; mail revenue \$5,258,218; other transportation services \$369,579; charter flights \$1,501,892 and net incidental revenues \$699,324. The operating expenses, exceeded the revenues by \$121,720 to a total of \$20,315,395. Air craft operation and maintenance accounted for \$11,993,969; ground operation and maintenance \$5,559,028; traffic expenses \$1,261,901; general administration \$1,434,099 and general taxes \$66,398 of the total expenses. The average operating revenue per total mile for scheduled carriers was \$.861; whereas the expense per plane-mile amounted to \$0.866. The average revenue per passenger-mile was \$0.058; per goods ton-mile \$0.562; and per mail ton-mile \$3.568.

Over the 15,500 miles of scheduled routes, commercial operators flew 20,929,519 miles, with available seat miles totalling 216,668,987. The number of aircraft in service on scheduled routes as of November 30th, was 109, serving 33 cities in Canada of over 5,000 population. The total population within a 25-mile radius of these cities amounts to 5,429,000, or roughly 47% of the total population of Canada is now being served by scheduled air carriers

Revenues from aircraft operations for non-scheduled carriers show a small profit over the twelve-month period for charter operations. The total revenues amounted to \$1,255,385 or \$0.401 per plane-mile; while expenses were reported as \$1,154,987 or \$0.368 per plane-mile showing a net profit from operations of \$101,298.

REPORT OF TRAFFIC BRANCH

Period September 11, 1944 to December 31, 1946

APPENDIX E

Tariffs Filed

Transferred from Board of Transport Commissioners ... 303
Tariffs and tariff amendments filed by
 air carriers 4,274

4,577

Service Schedules Filed

Transferred from Board of Transport Commissioners ... 25
Service schedules and amendments filed by
 air carriers 676

701

Traffic Reports to the Board

Traffic reports to the Board on various matters relating to tolls, tariffs and services totalled 107.

Investigation of applications and complaints

Applications and complaints to the Board concerning tolls and services totalled 23. Of these, 22 were informally disposed of through correspondence; one was dealt with through formal hearing of the Board.

AIR TRANSPORT BOARD

RESEARCH AERONAUTICAL ENGINEERING BRANCH

APPENDIX F

Period September 11, 1944 to December 31, 1946

The Research Aeronautical Engineering Branch advises the Board on all matters pertaining to the present technical state of the art of aeronautics, the trends and future developments likely to affect the design and performance of aircraft, and the economics of aircraft operation. The Branch is also responsible for the organization and maintenance of a comprehensive aeronautical index and library for the use of the Members and all Branches of the Board. Specific investigations are also undertaken by the Branch as requested by the Board.

The airport studies made by the Branch are typical of this work. These studies included an investigation of the post-war requirements in length, width and strength of runways for Canadian main line airports to meet the present situation as well as allowing for the probable changes in size, weight and performance of aircraft during the next ten or fifteen years. Airport land development costs and the capital, operation and maintenance costs of airports and airways in Canada were investigated to provide basic airport construction costs in various regions of Canada and basic airway costs per mile. The literature on airport management was reviewed in a preliminary study of methods by which airports might be made to help pay for their maintenance. A study has been made of the question of landing fees and a proposed scale of fees has been drawn up on a rational basis. Traffic charts have been prepared showing movements at several major Canadian airports to reveal the possibilities of congestion and the need, if schedules are increased, for additional facilities.

Another study completed by the Branch refers to the economics of aircraft operation. It is customary to divide the costs of airline operation into two parts, those relating to overhead and ground organization, which are independent of the actual flying done, and those which depend on the flying operations, referred to as the direct operating costs. In order to enable the direct operating costs of any particular aircraft to be quickly estimated for any given type of operation in Canada, simplified formulae were developed by the Branch, requiring the minimum of detailed information about the particular aircraft being studied. Comparisons between various types of aircraft are possible with these formulae and the study was extended to an investigation of the economic effect of such important items as trip distance, aircraft size and speed.

AIR TRANSPORT BOARD

APPENDIX G

PROCEDURE IN REVIEWING AN APPLICATION FOR LICENCE TO OPERATE A COMMERCIAL AIR SERVICE

A preliminary review of the application is made to establish a prima facie case.

If satisfactory, notice of the application is published in the newspapers in the area concerned and copies of the notice are sent to air carriers and other interested parties. The notice includes the name of the applicant and particulars of the type and scope of service proposed. The notice also fixes an expiry date for the filing of submissions relative to the application and directs that a copy of any submission filed with the Board be sent concurrently to the applicant.

Immediately following the publication of the notice, the application is reviewed by the Bureau of Transportation Economics and the Traffic Branch who report on the adequacy of the application so far as they are concerned.

When the period for submissions has expired and the facts of the application have been established, a report is prepared by the Licencing Division which contains an analysis of the application and any submissions filed supporting or opposing it and particulars of any air carriers in the area affected by the application.

The application and report are submitted to the Board through the Secretary and the Board then directs the action to be taken in either disposing of the application through a favourable decision approving the proposed service, a decision denying the application, or that a hearing be held.

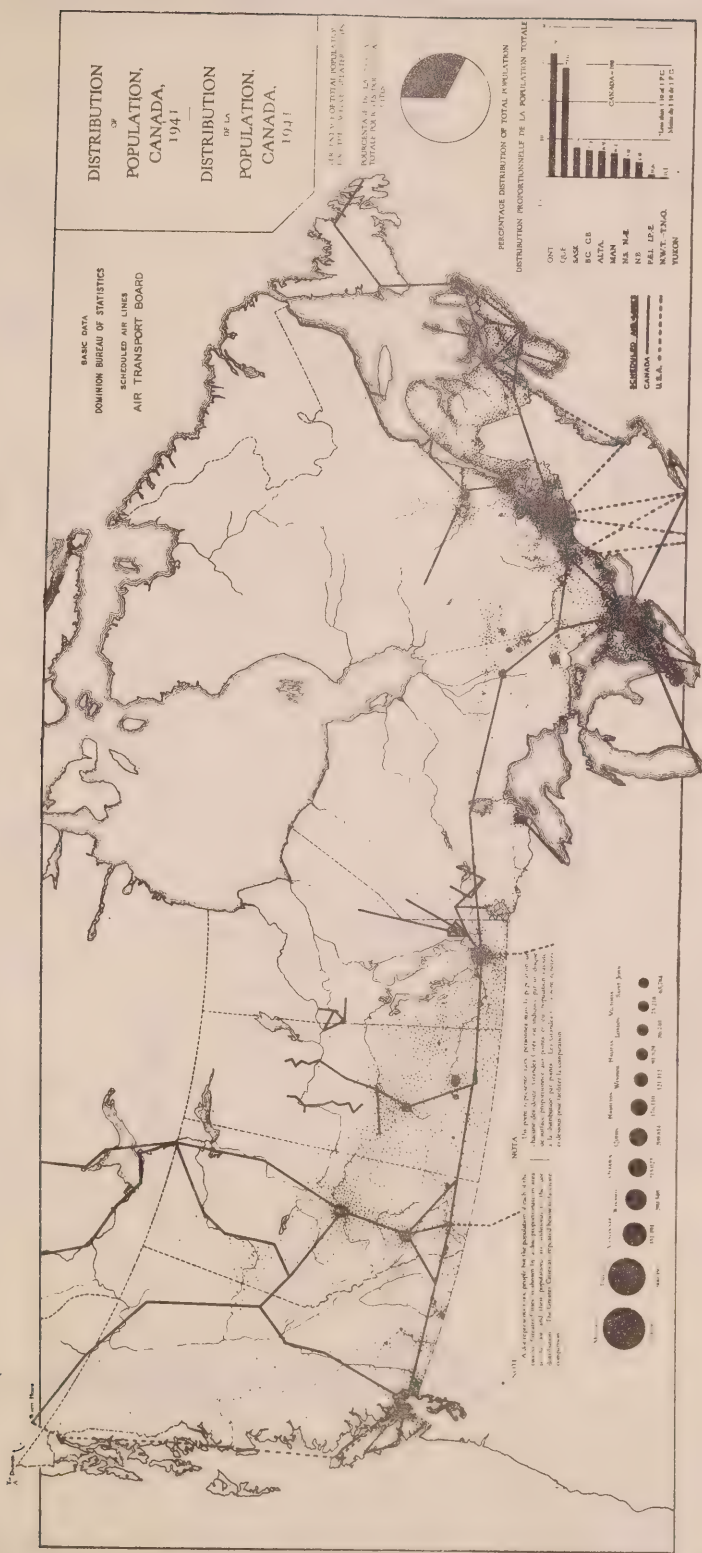
When a hearing is necessary a notice setting out particulars of the application with the date, time, place and conditions under which evidence will be received, is published in the newspapers and copies of the notice are sent to air carriers and other interested parties. The Board directs whether a hearing will be conducted by the Board or by the Examiner.

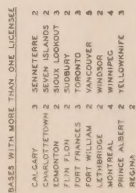
At the hearing, evidence under oath may be submitted and representations made by or on behalf of the applicant and any interested parties entitled to be heard.

The evidence taken at the Hearing, together with all other relevant

information is then considered by the Board and a decision reached on the application. If the decision is favourable, the approval of the Minister must be secured before a licence may be issued. If the application is denied, reasons for the denial are stated in the decision.

The licence is not issued until the Board's requirements regarding public liability and other insurance have been met. The licensee is then entitled to commence the service as soon as he has secured an operating certificate by the Civil Aviation Branch of the Department of Transport, certifying that he is adequately equipped and able to conduct a safe operation





NON-SCHEDULED CHARTER BASES

LICENSED BY
AIR TRANSPORT BOARD
TO
DECEMBER 31, 1946

